

# BEST AVAILABLE COPY



INTERNATIONAL EXECUTIVE SERVICE CORPS, HUNGARIAN REPRESENTATION

PD TAD 672

October 18, 1994

Mr. David Cowles  
USAID Mission  
Karoly Korut 11  
1075 Budapest

Dear David,

I am pleased to submit to you our Final Report on Public Administration Program in Hungary carried out under Cooperative Agreement EUR-0019-A-2077-00 between IESC and AID/EUR/DR/DPI.

This program, between March, 1993 and June, 1994, provided Volunteer Executive Assistance in the field of city management to 11 small municipalities and 17 villages in the Great Plains area, and to 3 institutes of higher education in Budapest.

The VEs addressed many issues in their interactions with the Mayors and City Councils. The recurring theme was the desire on the part of the client for advice on the economic development of their community. Several IESC projects were organized to follow-up on this need.

Following the municipal elections later this year would be a timely occasion for additional projects of this type, bringing together the volunteer expertise of retired American City Manager and County Commissioners, and the newly elected Hungarian Mayors and Town Council members.

This program provided 515 many days of volunteer effort at a cost to AID of \$233 per day, all inclusive. The clients contributed \$45,000 towards the cost of maintaining the VEs on site. Including the deemed value of the VE services, the program had a total value of \$412,000, of which AID paid 30%.

Thank you for your continuing interest and support of our program in Hungary.

Very Truly Yours

  
Agnes Budai  
Country Director

cc: James Watson

# BEST AVAILABLE COPY

## FINAL REPORT ON PUBLIC ADMINISTRATION PROGRAM IN HUNGARY INTERNATIONAL EXECUTIVE SERVICE CORPS Budapest, Hungary

Cooperative Agreement EUR-0019-A-00-2077-00

### INTRODUCTION

On September 22, 1992 the Democratic Pluralism Initiative Division of the Agency For International Development (AID/EUR/DR/DPI) entered into the above Cooperative Agreement with the International Executive Service Corps (IESC) by which AID obligated \$1,500,000 to IESC in support of a program to provide assistance to public administration in Central and Eastern Europe. As one of the IESC offices in Central Europe, IESC Hungary participated in the execution of this program.

From October 26 through 28, 1992, IESC and the National Academy of Public Administration (NAPA) conducted a Seminar on Public Management Assistance for those IESC personnel who would be participating in this program. Attending from IESC Hungary were Country Director Agnes Budai, the Country Director Assistant for Public Administration Karoly Bogнар, and Regional Representative E. Ross Sawtelle. On December 10, 1992, IESC Hungary submitted to the Office of the AID Representative a program for the provision of assistance to public administration in Hungary. The program focused on introducing the advantages of a city manager type municipal government to small cities in the central eastern (Great Plains) area and on assisting educational institutions in Budapest in training current and future municipal officials. This proposal was approved on December 22, 1992. Between March 13, 1993 and June 21, 1994, 12 projects were executed under the program, utilizing the services of 9 different Volunteer Executives (VEs), and providing assistance to two associations, seven municipalities and three institutions of higher education. Through the work with the associations, an additional four small cities and 17 villages were assisted. The IESC Hungary program was evaluated by a NAPA team in November, 1993. The evaluation report dealing with Hungary is included as Appendix I. Additional projects under this program were not initiated due to the impending elections and IESC' desire to appear politically neutral.

A listing of the projects, their location and dates is included as Attachment 1. A map showing the location of the cities in relation to the original area of focus is Attachment 2. Corresponding costs and financing sources are listed on Attachment 3.

Individual Final Project Reports have been provided to the Office of the AID Representative in Budapest on a continuing basis, as have the individual one-page Project Summary Sheets. For completeness the latter are included as Appendix II.

## PROGRAM RESULTS

Phase 1 - Education. This phase was expected to require a single 5 to 6 month project split among the Ybl Miklos Technical High School, the Budapest School of Public Administration, and the Economic University of Budapest. It evolved into four distinct projects, two at the Budapest School of Public Administration, and one each at Ybl Miklos and the Economic University. Total time was about five months. Because each institution had differing goals and requirements, it was more suitable to have a different volunteer for each project and to separate them administratively.

At Ybl Miklos the existing undergraduate curriculum was reviewed and recommendations made for changes which would more closely meet the requirements of the graduates in their initial jobs as municipal administrators.

At The School of Public Administration one project resulted in detailed curriculum and course design, specifications for students' qualifications, and program development recommendations for a post-graduate program in municipal management. The other project resulted in the outline of an intensive one day short course designed for newly elected municipal officials. This latter proposal was developed by VE Bill Moore, and was added to the educational phase to take advantage of the insight he had gained during his work in four small cities and at the Ministry of the Interior.

The Economic University desired assistance in enhancing its existing program of education in the public administration field by expanding and including training for currently practicing municipal officials. A comprehensive program consisting of four, half-day modules was prepared with appropriate recommendations on attendees, instructors, instructional materials and other relevant matters. (The Economic University had changed the nature of assistance desired after the December 10, 1992 IESC document detailing the Expected Levels of Effort and Results of the program.)

Phase 2 - Analysis and Definition. This phase was expected to utilize 2 or 3 VEs for a total of 10 to 18 months work with 5 or 6 cities. The purpose was to analyze and address the needs of each municipality, and identify those problems requiring a more focussed expertise. During the first two or three of these projects it was evident that about a month was all that could be expected in each municipality because of the time demands which the VE's presence made on the Mayor and Department Heads. In actuality most of the problems which might have been addressed during Phase 3 - Problem Solving, were best met by counselling and advising during the initial project in each individual municipality. The projects of Phase 2 worked with 11 different municipalities (and 17 villages) and involved over 13 man-months of efforts by 6 different VEs. Work with the National Association of Small Cities and with the Association of Jaszszag Local Governments strengthened these associations in their prestige with their members, and advise was given to them as to how they could better organize

Phase 3 - Problem Solving by Direct Assistance - This phase was designed to be performed by 3 to 4 VEs, each on a project of 5 or 6 months, starting with a Workshop or Seminar addressing one of the major problems identified in the preceding phase. This was to be followed by work in individual cities towards solving the problem discussed in the Workshop. In city after city where the initial projects took place, it was found that the single most pressing problem was that of economic development for the city and environs. However, it was determined that projects for municipal economic development could not be funded by this Cooperative Agreement, so only one project of this Phase was carried out, in Kiskoros, for one month. In most of the cities in which initial projects were conducted, additional projects were executed under the regular IESC program in Hungary. Some of these projects dealt with the development of private enterprise in the cities and stressed the interrelationship of the municipal government and the city's business community. Others were with individual business entities which were introduced to IESC as a result of the activities of the Public Administration VEs. A list of these follow-up activities is found in Attachment 4 and includes 22 additional IESC projects. Eleven of these were with municipal governments as the client.

#### PROBLEMS ADDRESSED

1. Economic Development - Unemployment in the rural, agricultural target area ranges from about 15 to over 40%, above the national average; the municipalities become responsible for payment of unemployment benefits after one year. Additional economic considerations were revenue generation directly from the city's real estate assets, and increasing tax receipts from business in the cities. Economic development was the main concern. Advice from the VEs was varied in detail, but mainly addressed the improvement of communications between municipal government (Mayor and Municipal Council) and local private businessmen to determine what could be done to retain, attract and encourage business in the community. Also stressed was the need to develop and follow a long range plan for the economic development of the community. One city began the formation of a local Chamber of Commerce, another a Business Advisory Committee, and others initiated Council meetings with business groups.

2. Organizational Restructuring - In several instances the VE recommended a reorganization of the municipal government's departments. Main purpose was to modify the structure to allow easier delegation from the Mayor (or Vice-Mayor) to Department Heads or Committees. Additional value was sought in clearly defining lines of authority and responsibility.

3. Financial Control - Another common recommendation was to consolidate all primarily financial responsibilities within one Department for better management, leading to establishment of computerized systems and informational reports, and eventually better cost control, with accompanying increase in efficiency, profitability and use of revenues.

4. Human Resource Management - Improved concepts of personnel administration were recommended encompassing training programs, career planning, and establishing documented job descriptions.

Following each project, the Mayor or other municipal government representative expressed their appreciation for the presence of the VE and the advice which had been provided on a continuing basis covering all aspects of municipal government. The benefits of a professional city manager, with a non-political appointment, and continuity of incumbency, were discussed and recommended.

#### COST

The costs of each project are detailed on Attachment 3. It can be seen that the Public Administration program in Hungary, providing 515 man-days of professional municipal managers as advisors, cost AID \$119,856 or \$233 per day, all inclusive. This is an average of \$7,500 per city, association or institution assisted. The clients contributed accommodations, meals and incidental expenses valued at \$45,800 (not including interpreter and local transportation costs). If the volunteer services of the VEs are deemed to have a value of \$480/day, the program value was \$412,900, of which AID paid 30%.

#### RECOMMENDATION

Given the benefits which have accrued to the organizations served, and the need for further assistance to bolster decentralized government at the local level it is recommended that a program similar to this be reinstated after the coming municipal elections. IESC has shown that it can respond to the needs of the Hungarian municipalities, and could carry out such a program on a very cost effective basis; however, it is important that it be recognized at the outset that the one of the most pressing needs of many local governments is for guidance on the economic development of their areas. Since this affects revenue generation in all facets, including asset management, it should be included as an integral aspect of assistance to public administration in Hungary.

Such a program would support objectives in two of the main tenets of U.S. strategy in that it would give assistance to local governments in the fields of finance and encourage the establishment of government-business liaison groups on a local level; by encouraging local government policy support of local business it would assist in the general economic transformation and the survival of small and medium private enterprises in otherwise ignored small cities of the Great Plains and Northeast desperately in need of employment opportunities.

BEST AVAILABLE COPY

Attachment 1 - Public Administration Projects in Hungary

- 23184 - Godollo, VE F. Henderson, 10/25-12/2/93
- 23708 - Jaszrag Association (Jaszbereny, 17 villages), VE F. Henderson, 4/19-7/29/93
- 23709 - National Association of Small Cities, VE W.S. Moore,
  - 4/13-5/11/93 - Kiskoros
  - 6/7-7/9/93 - Kalocsa
  - 9/20-10/15/93 - Kunszentmiklos
  - 10/18-11/14/93 - Kiskunhalas
  - 11/15-12/15/93 - Budapest School of Public Administration  
(Short Course curriculum preparation)
- 23920 - Budapest School of Public Administration (Graduate level course preparation), VE F. Steggert, 10/25-12/7/93
- 23927 - Budapest Economic University (Mid-Career course and curriculum preparation), VE R. Mattox, 5/24-6/21/94
- 23929 - Ybl Miklos Polytechnic (Undergraduate curriculum preparation), VE P. Shocket, 10/4-10/30/92
- 24203 - Mezokovesd, VE R. Roberts, 6/14-7/9/93
- 24210 - Tapolca, VE R. Roberts, 7/12-9/2/93
- 24463 - Mezotur, VE G. VanBuskirk, 10/4-1/30/94
- 24464 - Szentcs, VE F. Moore, 12/6-12/17/93
- 24465 - Kiskoros, VE G. VanBuskirk, 9/7-10/4/93
- 24599 - Mezokovacshaza, VE D. Reith, 10/11-12/11/93

BEST AVAILABLE COPY

# ATTACHMENT 2

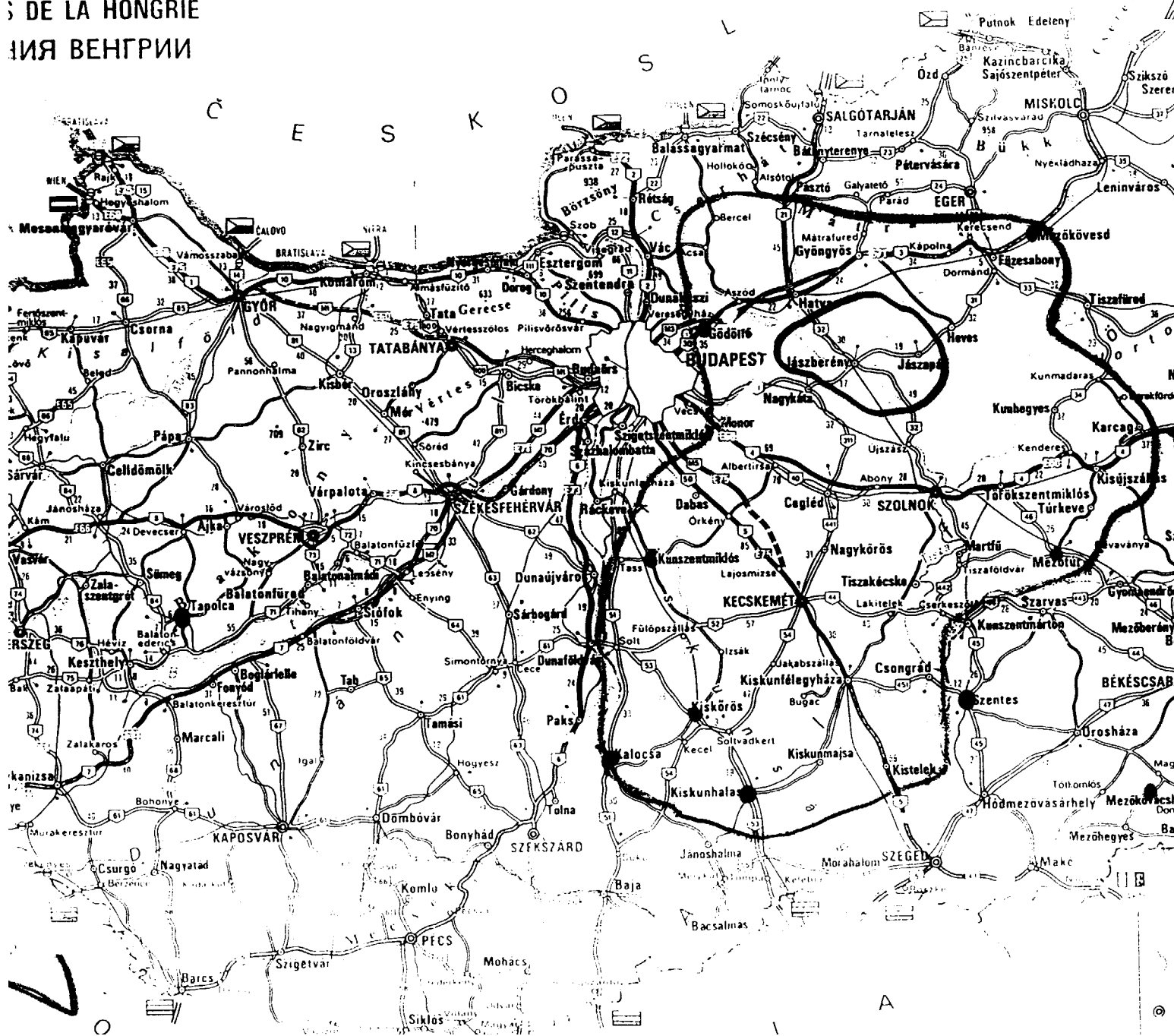
• CITIES SERVED

IS

NGARY

DE LA HONGRIE

ИЯ ВЕНГРИИ



### Attachment 3 - Project Costs and Sources of Funding

Project	Client Contribution (\$)*	AID Funding (\$)	Total Cost** (\$)	Days
23184	2,936	13,327	16,263	32
23708	6,734	14,798	21,532	71
23709	12,266	28,651	41,017	146
23920	3,871	8,037	11,908	45
23927	2,481	10,300	12,781	28
23929	174	11,729	11,903	24
24203	2,696	10,065	12,761	27
24210	4,928	3,077	8,005	53
24463	3,309	1,377	4,686	25
24464	1,066	1,246	2,312	12
24465	2,899	6,320	9,219	27
24599	2,366	10,929	13,925	25
TOTALS	45,826	119,856	165,682	515

\* Deemed value of accommodations, meals and Volunteer (couple) incidental expenses paid by the client.

\*\* Includes airfare, travel expenses, Per Diem, Recruiting, Field Support and Other (primarily VE insurance).

**BEST AVAILABLE COPY**



Attachment 4 - Follow-Up Activities

CITY	PUB.ADMIN. PROJECT	FOLLOW-UP ACTIVITY*
Godollo	23184	25706* Feasibility study, city heating system 25770 SME Assoc. seminars and consultations 25814 Marketing of Ag. Eng. R&D services 25882 Establish agro-business center
"Jaszsag"	23708	24651* Economic Development-Jaszarokszallas 24652* Agricultural marketing-Jasztelek 24868 Orthopedic shoe company assisted 25304 Furniture co. production/marketing TDA application for regional solid waste system study 2 furniture companies in sector survey
Kalocsa	23709	24934* Economic Development TDA application for study of utilization for ex-Soviet airbase
Kiskoros	23709	24465* Economic Development 24469 Construction company methods/marketing TDA application for regional solid waste system study
Kunszentmiklos	23709	25204* Management/marketing seminars for local businessmen 25260* Economic development planning 25965 Truck stop establishment/management
Mezokovesd	24203	24473 Review operations, coop food store chain 24526 Marketing, vehicle parts manufacturer
Mezokovacshaza	24599	25774 Goose down marketing
Szentes	24464	25621 Fire prevention training material
Tapolca	24210	24590* Economic development survey, marketing 24957* Development of wine marketing center 25077* Development of medicinal spa tourism 24958* Local Ch. of Commerce formation Municipal Department Head recommended to and accepted by PIET for training in US

\* Indicates municipality as Client

BEST AVAILABLE COPY

APPENDIX I

"OVERALL OBSERVATIONS REGARDING THE  
PUBLIC ADMINISTRATION PROGRAM IN HUNGARY"

from the report of the  
NATIONAL ACADEMY OF PUBLIC ADMINISTRATION EVALUATION TEAM  
dated December 21, 1993

FINAL REPORT ON PUBLIC ADMINISTRATION PROGRAM IN HUNGARY  
INTERNATIONAL EXECUTIVE SERVICE CORPS  
Budapest, Hungary

Cooperative Agreement EUR-0019-A-00-2077-00

## **OVERALL OBSERVATIONS REGARDING THE PUBLIC ADMINISTRATION PROGRAM IN HUNGARY**

The following observations are based on interviews conducted with AID representatives, IESC volunteers, staff and clients. The observations highlight some of the problems the evaluation team noticed concerning the execution of the public administration program in Hungary.

1. Drafting and approving the Hungarian country strategy took three months largely due to delays of a newly arrived USAID officer; the strategy is aimed at providing assistance to municipal governments in a specific region. The strategy established a coherent framework for a workable program, provided a solid foundation for specific projects, and enabled IESC staff to communicate the goals of the public administration program. The Association of Small Cities played an instrumental role in determining which municipalities would receive assistance.
2. USAID in-country officers have realistic expectations for the program. Volunteers, they note, identify and prioritize issues easily and inexpensively. There is an assumption that follow-on activities, conducted in specialized areas will occur. In this sense, the public administration program serves as an instrument for the identification of private sector initiatives under the technical assistance rubric.
3. The number of VEs in Hungary has been limited due to multiple assignments. For example, William Moore served in four municipalities, and then moved to Budapest to help design a curriculum for mid-level career officials. Both positive and negative outcomes are linked to repetitive assignments.
4. The IESC office is well organized and runs effectively. The commitment and energy of the country director and the presence of the American regional director contribute to this situation.

Together, they increase the capacity of the program and are better able to respond to real time needs, engage in follow up, and stay in contact with clients and VEs.

5. The country strategy was written by the regional director, Ross Sawtelle. A major difference between Hungary's strategy development process and the strategy development processes of other countries is his experience in converting program requirements into a strategy.

6. Relationships with the US ambassador are excellent. He has done a great deal to further IESC, by paying significant attention to its accomplishments.

7. The USAID officer has a balanced view of IESC's public administration program. It is a small part of his portfolio and works well. He keeps informed but practices management by exception. He has no illusions concerning the problem solving aspects of the public administration program, and realizes that it is not necessary to induce IESC representatives to translate their vision of the program into reality.

8. Housing and other local initiatives have not been linked to the IESC program because IESC is working in a well-defined area. The USAID officer believes that there will be a nexus in the future.

9. The USAID in-country officer stated that the main contribution of the IESC program has been identifying needs; however, for the next phase - problem solving - AID will either issue an RFP or contract with an organization like ICMA or the Urban Institute.

10. The dialogue conducted by the review team in Kiskunhalas was enlightening to Moore. He has not had access to the mayor. The program in Kiskunhalas exemplified that the attitude and personality of the client has a direct impact on the success of the project.

11. The PA program, as implemented, sticks closely to the plan that was developed. Small variations have occurred, but these variations are expected.

12. Recruitment of volunteers is based, to a great extent, on personal relationships. IESC's skill bank consists of a small core of people. Volunteers are adequate but if the program were expanded, it is doubtful that the necessary number of VEs could be recruited.

13. The notion of using experienced city managers has merit in view of their expertise in a range of disciplines and their sense of commitment. They are fairly consistent in their approach, carry a certain amount of credibility and work to gain the cooperation of many members of local communities.

14. The country director enjoys the program and has succeeded in making many contacts. The program is more labor intensive and more politically sensitive than the private sector assistance program.

15. IESC Hungary, would like to continue public administration projects after the next elections. In addition, all of the programs with universities will have follow-on initiatives.

16. According to the IESC in-country director all of the public administration volunteers are comfortable with change, tolerant of ambiguity, and patient. The review team concurs with this observation and adds that a number of the volunteers approach the projects as serious efforts that will result in changes in the vision and motivations of clients.

**BEST AVAILABLE COPY**

## **ASSISTANCE TO THE POST GRADUATE INSTITUTE**

**Mr. Frank Steggert**

**November 4, 1993**

The purpose of the project was to assist the Post Graduate Institute at the Budapest School of Public Administration to develop a curriculum for a graduate program in city management. The school was established in 1976 and currently offers five areas of concentration: (1) social affairs; (2) environmental affairs; (3) financial management; (4) organizational management; and, (5) human resource management.

In 1990, the Hungarian Parliament passed the Local Government Act. The legislation mandated that municipalities throughout Hungary establish democratic forms of government to facilitate the transformation to a market-driven economy. Shortly after the act was passed, the Ministry of the Interior contacted the IESC office in Budapest and asked for assistance in helping the School of Public Administration to create a graduate program focused on city management. The approval process took only four weeks. The minister requested that the volunteer have an academic background. The volunteer, Frank Steggert teaches at Indiana University. He learned of IESC through a colleague at the university who was contacted by IESC regarding another volunteer assignment.

The objective of the project was the development of a graduate-level program in municipal management. Because of the 1990 Act, local governments will receive more and more responsibility. By creating a graduate level program in municipal management, it is expected that the individuals trained in the program will gain the necessary knowledge to help restructure the infrastructure of municipalities. Students will attend classes for two full-days a week during four semesters and will learn about functions as varied as facilities maintenance, waste disposal and hospital operations.

When the evaluation team met with Mr. Steggert he had just begun the project. Steggert planned to spend the first two weeks developing a work plan. The second two weeks were going

to entail data gathering from meetings and interviews. Steggert stated that the interviews would lead to an enumeration of program alternatives. During the fifth and sixth weeks Steggert anticipated that he would draft a report including recommendations. After a draft of the report was completed, Steggert planned to get feedback from the director of the institute. Lastly, Steggert planned to hold a de-briefing during his last week in Hungary.

After the program is developed, it must be approved by the Ministry of Education. The institute hopes to have the program approved at the beginning of 1994 and start the program in September of 1994. Before the program begins, the faculty will need to be augmented. The institute plans on drawing upon the skills and knowledge of faculty members from the other five programs; however, the institute realizes that it will need to hire additional staff that has considerable expertise in city management.

**BEST AVAILABLE COPY**

## **ASSISTANCE TO THE MAYOR OF KISKUNHALAS**

**William S. Moore and Zoltan Toth**

**November 5, 1993**

The purpose of this project was to help the mayor strengthen the administrative capabilities of the city and examine the asset management system. The assistance to Kiskunhalas was part of a broader assistance effort to six municipalities in Hungary under the direction of the Association of Small Cities. When the IESC office in Hungary developed its country strategy for the public administration program, the office consulted with, and agreed to work with, the Association of Small Cities. To this end, the IESC office and the Association of Small Cities agreed that under the public administration program six cities would receive assistance.

The assistance was targeted, to identify specific, follow-on projects that would be provided for under the IESC technical assistance program. The volunteer that served in Kiskunhalas, Bill Moore, also served in four other municipalities. Moore stayed one month in each city and drafted reports for the mayors at the end of his stay.

Kiskunhalas has a population of approximately 32,000. The city operates two main enterprises; sewage treatment and community services. There are 27 members on the city council representing different political parties. One-half of the council members are elected at large and one-half are elected along party lines. The mayor, deputy mayor and chief administrator represent different political parties. Revenue generation is derived through taxes, including business taxes, real estate taxes, building taxes and tourism taxes. In addition, user fees are derived from water and heat consumption.

In Kiskunhalas, the mayor requested that Moore address general administrative issues and asset management. The mayor is disorganized and is not an effective manager or communicator. The volunteer spent a significant amount of time investing the mayor's relationship to the community. The mayor is ineffective in dealing with community leaders and the community as a whole. According to Moore, the primary disadvantages in the municipality are: poor administration, a fear of government; and a lack of town unity or spirit. However, he noted



that the city has a good infrastructure, especially the water and sewage treatment systems.

Moore told the evaluation team that he had spend very little time working with the mayor. However, he interviewed department heads and local businessmen. In fact, he said that he had only talked to the mayor twice since his arrival in Kiskunhalas. The mayor said the reason he did not spend time with Moore is that he did not want to bias or influence Moore's final report. The final report is for the mayor, but the mayor said that he will share it with the city council. Moore said that one of the things that will be highlighted in his report is the fact that the city has a large number of assets in the form of real estate and that many of these assets could be sold in order to generate revenue.

During the interview, the mayor stated that the notion of self-governing is so new that it is difficult to understand how the city should proceed under the current form of government. He said that he hopes the volunteer will identify methods for operating in a democratic system of government and for communicating with citizens. He also said that it has been very difficult to change the attitudes and behavior of the citizens to accept a new lifestyle under democracy.

The mayor said that he greatest achievement during his tenure has been the ability to keep the city's grammar school from being overtaken by the church. He emphasized that under communism the school had a certain ideology and that he was opposed to converting the school to a religious orientation because the conversion would reflect an ideology.

The mayor discussed the education and the welfare system. He said that he changed the financial systems of these institutions to and make them more open and transparent. He said that the new financial system facilitates the implementation of projects and makes the institutions more task-oriented. He indicated that he would like to see the entire welfare system reformed and taken over by the state. He believes that welfare should be the responsibility of the state and be structured in such a way which that actually helps the people incorporate themselves into society. He added that welfare now prevents individuals from starving. The mayor also changed the way in which cultural institutions operate. Funds are now kept in a foundation and

cultural activities are sponsored by the foundation.

Finally, the mayor indicated that he would like additional assistance but he has not identified a specific area. He said that he will select an area for follow-on assistance based on Moore's recommendations.

**BEST AVAILABLE COPY**

## **ASSISTANCE TO THE CITY OF TAPOLCA**

**Mr. Sibak Andras**

**November 8, 1993**

The purpose of this project was to assist the mayor in identifying economic opportunities for the city and to review the management and administration of the municipal government. The mayor learned of IESC when he attended a conference sponsored by the Association of Small Cities. At the conference, Agnes Budai, the IESC in-country director, gave a presentation about IESC and the types of assistance the organization could provide. The mayor approached Ms. Budai and expressed interest in a public administration project.

Tapolca has 20,000 inhabitants and is considered the commercial center of the region. Previously it was involved in mining activities. There is approximately 10 percent unemployment in the city because of the closing of the mines in the region. A lot of the inhabitants are involved in the wine industry. Environmental protection is a priority for the city because of its close proximity to a large lake, which is a tourist attraction. The mayor intends to develop the tourism industry in Tapolca.

The primary responsibility of the volunteer was to review the administration of the city and to identify economic opportunities for the city. To this end, the volunteer interviewed municipal employees and community business leaders. During the first three weeks, the volunteer spent half a day working in city hall and half a day talking with business leaders in the community. The volunteer had extensive contact with the mayor; meeting privately with him approximately every three days.

After the initial stage of the project, the volunteer spent the majority of his time working in city hall. At the end of his stay, the volunteer made several recommendations concerning the organization and management of city hall. While the mayor plans to implement some of the volunteer's recommendations, such as the restructuring of certain departments, he said that there

were certain recommendations that he could not implement. For example, the volunteer observed that city hall was overstaffed and suggested that some individuals should be dismissed. The mayor said that while the volunteer's concern regarding the number of staff is valid, he could not fire anyone at this time.

The volunteer was instrumental in establishing a business advisory council during his stay. The volunteer convinced business leaders that they must become active participants in the democratic process. He educated business leaders about the role that they can play in developing policies affecting their businesses. He explained that the role of a business advisory committee is to advise and comment on public policies that impact their operations. He explained that because business provides revenue to the city it is important for business representatives to become actively involved in the policy making process.

The volunteer also made several recommendations for follow-on initiatives. For example, he suggested developing a health spa for asthmatic individuals. The city has a number of caves which can be used for treating individuals afflicted with asthma. He also recommended further developing the wine industry in order to export wine to other countries. Lastly, he suggested that the city seek a "sister-cities" relationship with an American city.

The mayor underscored the importance of the volunteer's effect on public employees. Initially, the employees were skeptical of the volunteer. They did not like an outsider asking questions about their work. However, the volunteer was able to overcome their skepticism and befriended many of the staff. The mayor said that the volunteer was able to increase the activism of the employees and positively affected their behavior and attitudes.

The mayor said that he received more assistance from the volunteer than he expected. He said that he was surprised by how honest and hard working the volunteer was. He stated that what impressed him the most was that if the volunteer did not know something he did not try and mislead city officials; he simply said that he wasn't qualified to answer certain questions.

## **ASSISTANCE TO THE POLYTECHNIC INSTITUTE**

**Mr. Laszlo Agosthazi**

**November 9, 1993**

The purpose of this project was to provide Professor Agosthazi with an assessment of a new curriculum focusing on settlement administration. In April of 1993, the Polytechnic Institute of Hungary adopted a new program targeted to train students to work in developing settlements. Specifically, the program provides training in: (1) budgeting and finance; (2) personnel administration; (3) intergovernmental relations; (4) policy analysis and evaluation; (5) administrative law; (5) public management; and, (6) politics of administration.

The IESC volunteer, Peter Shockett, spent 28 days in Budapest reviewing and evaluating the new settlement administration program. To this end, he reviewed materials relating to the curriculum and examined pertinent local government acts. In addition, he conducted interviews with faculty, staff, administrators and students. He also compared the curriculum to a public administration and an urban planning curriculum from the United States.

There are currently 150 students in the program. It is a full-time program and approximately 25 students will graduate each year. The program is one of three programs with similar focus in Budapest. A placement problem exists once the students graduate from the program. Apparently, there is no formal placement program and the job market for graduates is uncertain because municipalities are under severe financial constraints.

Professor Agosthazi was satisfied with the work of the volunteer. He said that Shockett's comments and suggestions were insightful. Agosthazi stated that he and Shockett had discussed the possibility of a follow-on project focusing on the development of a comparative administration course. The professor would like to eventually offer a course which compares public administration in the United States to public administration in Hungary. He said that he hopes that Shockett will send him materials from the United States which can be translated. Accordingly, such information would be the basis of a comparative administration course.

In addition, to developing a comparative administration course, the professor would like to have a volunteer to evaluate how the Institute implemented the recommendations made by Shockett. He believes such an evaluation should occur in a year or so.

The client was also satisfied with the logistical arrangements made by IESC. He stated that IESC was responsive and easy to work with.

**BEST AVAILABLE COPY**

**APPENDIX II**

**PROJECT SUMMARY SHEETS  
FOR PUBLIC ADMINISTRATION PROJECTS PERFORMED IN HUNGARY  
BETWEEN MARCH 13, 1993 AND JUNE 21, 1994**

**BEST AVAILABLE COPY**

**FINAL REPORT ON PUBLIC ADMINISTRATION PROGRAM IN HUNGARY  
INTERNATIONAL EXECUTIVE SERVICE CORPS  
Budapest, Hungary**

**Cooperative Agreement EUR-0019-A-00-2077-00**

**SUMMARY OF IESC PROJECT 23184**

**STARTED:** October 26, 1993  
**COMPLETED:** November 26, 1993

**CLIENT: ASSISTANCE REQUESTED:**

Bureau of Municipality of Godollo  
Godollo, Hungary

The client is a local, self-ruling municipal government. They offer services such as public schools, city recreation, libraries, museums, retirement housing, general medical aid, and city maintenance.

**OBJECTIVE:** The client has petitioned for the assistance of a VE to monitor the efficiency of the local government's branches in spending the one billion HUF allotted in Godollo's annual budget.

**EMPLOYEES:** 1,000

**IESC VOLUNTEER EXECUTIVE:**

Frank N. Henderson  
Post Falls, Idaho

VE Henderson is currently heading-up an effort to assist the local government of Kootenai County, Idaho in the planning and management of public infrastructure. Previously, he had served three terms on the County's Board of Commissioners, functioning as chairman for one term. In this capacity, the VE was directly involved with alleviating unemployment problems, improving the drinking water supply, environmental protection, promoting tourism, and establishing a common information system. Prior to that, he owned a local newspaper and printing company, and served as mayor of Post Falls for four years. This is his second project with IESC.

**IESC ASSISTANCE RENDERED:**

VE Henderson commenced this project by reviewing the client's organizational structure, the functions of each individual department, the operation of each independent institute, and the city management. The VE gave priority to addressing the financial management of the city. In cooperation with the client, the VE conducted interviews with key departments.

Actual information discussed includes:

1. A review of the overall management structure.
2. Reviewing the organization of the individual departments so that related functions are combined to shorten the lines of communication. The first consolidation should be made in the management of financial subjects. To this end, he also developed and provided an organizational chart of management positions.
3. Computerizing critical departments such as the finance department.
4. Implementing complete, monthly reports on revenue collections and expenditures.
5. Implementing a cost accounting program to assure recovery of actual costs.
6. Seeking continuing support from IESC on management training, financial consolidation and the use of effective business systems.

The VE conveyed that changes in management should be made with caution. He also suggested that a plan be developed to evaluate the management, which includes on-the-job training to improve their skills. The success of this project can be evaluated at a future date when the financial management and the new organizational structure are completely implemented.

Country Director Budai commented, "The client fully agrees with the VE's recommendations to make short-term and long-term changes that will effect the success of the client's government. The client responded, 'It is very useful for the Municipal Government to have the abilities of an independent outside expert to review the operation, organizational structure, and efficiency of the financial management. We feel that the VE's observations are in full agreement with our short and long-term objectives. We are thoroughly studying the VE's remarks and recommendations, and will implement them step-by-step.'"



## SUMMARY OF IESC PROJECT 23709

STARTED: April 14, 1993  
INTERRUPTED: May 12, 1993  
RESUMED: June 8, 1993  
INTERRUPTED: July 13, 1993  
RESUMED: September 21, 1993  
INTERRUPTED: October 15, 1993  
RESUMED: October 18, 1993  
INTERRUPTED: November 12, 1993  
RESUMED: November 15, 1993  
COMPLETED: December 14, 1993

### CLIENT: ASSISTANCE REQUESTED:

National Association of Small Cities  
Budapest, Hungary

The client, established in 1990, is an association of 63 member cities in Hungary.  
OBJECTIVE: To assist five member cities in identifying and subsequently addressing/solving their most pressing needs and problems (i.e. fixed asset management, solid waste disposal, human resource and economic development).

EMPLOYEES: 1 F/T

### IESC VOLUNTEER EXECUTIVE:

William Moore  
Newark, Ohio

VE Moore spent eight years as the mayor of Newark, Ohio (population 45,300). His responsibilities encompassed those associated with city management, yet with additional power and controls. Prior to that, he was the Director of Public Service, responsible for most city operating departments. VE Moore was also the president of a family-owned, tri-state area general store group, with 400 employees and an annual sales volume of approximately \$15 million. This is VE Moore's second IESC project.

### IESC ASSISTANCE RENDERED:

Due to the nature of this long-term public administration assignment, VE Moore accomplished the project objectives through several distinct phases. The first four phases entailed diagnostic visits to the cities of Kalcz, Kalocsa, Kunszentmiklos, and Kiskunhalas. Upon arrival at each of these cities, the VE interviewed departmental managers of the mayor's staff, selected members of the representative body, and local business leaders. During the course of these interviews, VE Moore obtained information sufficient for the development of an overall analysis of each city's operations, including the areas of public administration, asset management, infrastructure and economic development. He also emphasized the need to raise capital and alleviate the rising unemployment rate. Specifically in Kiskunhalas, VE Moore suggested a joint-venture between a Hungarian chicken farmer and the International Division of the State of Maryland as one way to begin resolving some of their economic problems.

As the 1994 elections approached in Hungary, VE Moore saw the need to ensure lasting results for this project. Therefore, he spent the final month of the project assisting the Budapest School of Public Administration in designing short courses and seminars for mayors and city council members. With the use of his recently gained knowledge of Hungarian cities, the VE prepared a comprehensive report covering all facets of the proposed courses, including key participants, location, time, cost, publicity, evaluation, follow-up and subject matter. According to the VE, the seminars would improve administration at the local, self-government level, giving newly elected mayors confidence in themselves and a better understanding of the democratic system.

Country Director Budai commented, "VE Moore has successfully completed all phases of this project which covered every aspect of public administration. His ideas and discussions have fostered greater cooperation and communications between the local governments and their respective citizens."

## SUMMARY OF IESC PROJECT 23708

STARTED: April 20, 1993  
COMPLETED: June 29, 1993

### CLIENT; ASSISTANCE REQUESTED:

Association of the Jaszsg Local Governments (AJLG)  
Jaszbereny, Hungary

This 18-member association is comprised of 14 villages and four small cities in the Jaszsg area; a rural, underdeveloped area facing high unemployment and lacking an appropriate infrastructure. AJLG's purpose is to alleviate these economic and social problems.

OBJECTIVE: To analyze and define the client's main areas of concern with regard to each member, and to propose ways of coordinating these efforts to jointly achieve the following: development and improvement of infrastructures, such as telephone networks and transportation links; establishment of a common information system; alleviation of unemployment problems; development of a gas distribution system; improvement of the drinking water supply; creation of environmental awareness and protection, for both sewage and waste disposal; and tourism promotion.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Frank N. Henderson  
Post Falls, Idaho

VE Henderson is currently heading-up an effort to assist the local government in the planning and management of public infrastructure for Kootenai County, Idaho. Previously, he had been elected to the County's Board of Commissioners and served three terms, functioning as chairman for one term. In this capacity, the VE was directly involved with alleviating unemployment problems, improving the drinking water supply, environmental protection, promoting tourism, and establishing a common information system. Prior to that, he owned a local newspaper and printing company, and served as mayor of Post Falls for four years.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Henderson interviewed AJLG's city officers and staff, community leaders, and major employers. The VE then wrote individual reports for each city, from which he composed a final draft report, including:

- A classification of proposed AJLG activities under three subject headings - governmental activities, infrastructure utilities, and economic development.
- An organizational structure of committees for each of these headings.
- A functional definition of the same subject headings, to enable these committees to understand all areas of activity, and their relationships to one another.
- Suggestions pertaining to the initial training programs for each committee. These programs will permit an easy and prompt start of the association's commitment to help individual members and the Jaszsg area as a whole.

In addition to providing an overall plan for the client, VE Henderson advised AJLG to assign the following topics top priority: development of the telephone system; attracting entrepreneurs and businesses; proper waste disposal; and an agricultural sub-committee. The VE feels that the region's progression toward economic recovery will depend on success in these areas. AJLG will require funding to address these issues, therefore the VE prepared a letter to the U.S. ~~Chamber of Commerce~~ <sup>Dept.</sup> requesting a Technical Development Assistance (TDA) grant.

According to VE Henderson, AJLG elected officials and management are highly competent, each with general plans for their city's improvement. However, the VE emphasized the need for them to recruit further assistance from such organizations as the National Association of Small Cities in Hungary and the PHARE program. In doing so, VE Henderson noted that the client should focus more on long-term planning, not just short-term planning.

Country Director Budai commented, "This project was the most difficult public administration project in Hungary so far. The VE gave advice on short and long-term programming for AJLG activities, structure, and planning. The client added, 'If the suggested proposals can be achieved, several positive effects will be accomplished. We find the project very helpful for our operation.'"

## SUMMARY OF IESC PROJECT 23920

STARTED: October 26, 1993

COMPLETED: December 9, 1993

### CLIENT; ASSISTANCE REQUESTED:

Budapest School of Public Administration, Postgraduate Institute (BSPA)

Budapest, Hungary

BSPA is an educational institution whose current mission is to train municipal government managers to address the new issues confronting them since the advent of democratic government institutions. These issues include fiscal administration, public works, economic development, city planning, and management, paying particular attention to the increasing importance of free market economics.

OBJECTIVE: To advise the Postgraduate Institute on the planning and development of a proposed graduate training program in municipal government administration.

EMPLOYEES: 60

### IESC VOLUNTEER EXECUTIVE:

Frank X. Steggert

South Bend, Indiana

Most recently, VE Steggert was Professor of Public Affairs at **Indiana University, South Bend**, a post he held for 16 years. While there, he also served 6 years as Director of the School of Public and Environmental Affairs and one year as Director of the university's community research organization, the Michiana Urban Observatory. VE Steggert's 32-year public administration career also includes 10 years' consulting to all levels of governments, domestic and international.

### IESC ASSISTANCE RENDERED:

For decades, BSPA was the only educational institution in Hungary which trained professionals for city and village councils. Because the new regime abolished these old forms of government in the Local Government Act of 1990, BSPA is now developing a degree program to train municipal government managers for the new democratic, market-driven system. They requested IESC assistance in making this transition.

Upon arrival, VE Steggert met with administration and staff of the Postgraduate Institute to gather information about the proposed program. Working with the client, he prepared and submitted a 27-page final prospectus, which will guide the client's program development efforts, starting with their submission (in February 1994) of a program approval application to the Ministry of Education.

Stressing that graduates must learn to value and accept public and private sector cooperation and citizen participation for effective local governance, VE Steggert proposed an initial curriculum comprising 200-250 hours of study over a 2-year period. The report addressed several issues, including a complete curriculum of 15 courses to be taught in conjunction with several other educational institutions in Budapest, course descriptions, and suggested application requirements for the program. For the future, the VE anticipated the creation of a shorter certificate program for elected officials.

Proposing a timetable which would allow for students to enroll in the fall of 1994, the report suggested several methods for evaluating the program's effectiveness, including questionnaires and discussions with the students during and after their studies, as well as scientific surveys of the communities the students serve to determine any changes in the citizens' views of their government officials.

With regard to future expansion of the Institute's role, VE Steggert noted that they could extend their mission over the next two years to include continuing education programs, joint efforts with training organizations in other countries, consulting, technical assistance, and applied research. For these efforts, BSPA will need to seek further funding and assistance from the Hungarian Ministry of Education and the Ministry of the Interior, from AID via IESC, and through cooperative arrangements with other colleges and universities in Hungary and abroad. In the VE's opinion, BSPA could ultimately become a municipal management education center for students throughout Central and Eastern Europe, as the International Management Center, a Hungarian business school, has already done.

Country Director Budai commented, "VE Steggert spent a lot of time learning the client's opportunities, possibilities, and goals and delivered a very professional recommendation about the graduate program....[This program] has the potential impact of educating an entire class of professional leaders for municipal governments nationwide."

## SUMMARY OF IESC PROJECT 23920

STARTED: October 26, 1993

COMPLETED: December 9, 1993

### CLIENT; ASSISTANCE REQUESTED:

Budapest School of Public Administration, Postgraduate Institute (BSPA)  
Budapest, Hungary

BSPA is an educational institution whose current mission is to train municipal government managers to address the new issues confronting them since the advent of democratic government institutions. These issues include fiscal administration, public works, economic development, city planning, and management, paying particular attention to the increasing importance of free market economics.

OBJECTIVE: To advise the Postgraduate Institute on the planning and development of a proposed graduate training program in municipal government administration.

EMPLOYEES: 60

### IESC VOLUNTEER EXECUTIVE:

Frank X. Steggert  
South Bend, Indiana

Most recently, VE Steggert was Professor of Public Affairs at Indiana University, South Bend, a post he held for 16 years. While there, he also served 6 years as Director of the School of Public and Environmental Affairs and one year as Director of the university's community research organization, the Michiana Urban Observatory. VE Steggert's 32-year public administration career also includes 10 years' consulting to all levels of governments, domestic and international.

### IESC ASSISTANCE RENDERED:

For decades, BSPA was the only educational institution in Hungary which trained professionals for city and village councils. Because the new regime abolished these old forms of government in the Local Government Act of 1990, BSPA is now developing a degree program to train municipal government managers for the new democratic, market-driven system. They requested IESC assistance in making this transition.

Upon arrival, VE Steggert met with administration and staff of the Postgraduate Institute to gather information about the proposed program. Working with the client, he prepared and submitted a 27-page final prospectus, which will guide the client's program development efforts, starting with their submission (in February 1994) of a program approval application to the Ministry of Education.

Stressing that graduates must learn to value and accept public and private sector cooperation and citizen participation for effective local governance, VE Steggert proposed an initial curriculum comprising 200-250 hours of study over a 2-year period. The report addressed several issues, including a complete curriculum of 15 courses to be taught in conjunction with several other educational institutions in Budapest, course descriptions, and suggested application requirements for the program. For the future, the VE anticipated the creation of a shorter certificate program for elected officials.

Proposing a timetable which would allow for students to enroll in the fall of 1994, the report suggested several methods for evaluating the program's effectiveness, including questionnaires and discussions with the students during and after their studies, as well as scientific surveys of the communities the students serve to determine any changes in the citizens' views of their government officials.

With regard to future expansion of the Institute's role, VE Steggert noted that they could extend their mission over the next two years to include continuing education programs, joint efforts with training organizations in other countries, consulting, technical assistance, and applied research. For these efforts, BSPA will need to seek further funding and assistance from the Hungarian Ministry of Education and the Ministry of the Interior, from AID via IESC, and through cooperative arrangements with other colleges and universities in Hungary and abroad. In the VE's opinion, BSPA could ultimately become a municipal management education center for students throughout Central and Eastern Europe, as the International Management Center, a Hungarian business school, has already done.

Country Director Budai commented, "VE Steggert spent a lot of time learning the client's opportunities, possibilities, and goals and delivered a very professional recommendation about the graduate program....[This program] has the potential impact of educating an entire class of professional leaders for municipal governments nationwide."

STARTED: May 25, 1994

COMPLETED: June 21, 1994

CLIENT: ASSISTANCE REQUESTED:

Budapest University for Economic Sciences, Center for Public Affairs Studies  
Budapest, Hungary

Recognizing Hungary's need for well-trained public service officials and the lack of a forum in which to formally train these people, the Budapest University for Economic Sciences established the Center for Public Affairs Studies (CPAS) in 1991. The purpose of CPAS is to train students in public policy analysis and management.

OBJECTIVE: CPAS has completed its first (experimental) academic year, and wishes to review and improve its current program. They have requested IESC assistance with this task, specifically focusing on the areas of entrance criteria, program parameters, course content and relevance, and material presentation techniques.

EMPLOYEES: 9 (CPAS)

IESC VOLUNTEER EXECUTIVE:

Richard H. Mattox  
Delmar, New York

VE Mattox has extensive experience in developing courses and training programs for mid-career public administrators in local and state governments. For 20 years, he was the Director of Personnel for the New York State Department of Health. He has also served with the U.S. State Department Public Administration Advisor to the U.S. Operations Mission in Iran, as Chief of Personnel for the United Nations F.A.O. in Italy, and as Chairman of the Department of Government and Public Service at Russell Sage College in New York.

IESC ASSISTANCE RENDERED:

VE Mattox commenced this project by meeting with the directors of CPAS and the Regional Management and Indigenous Development Organization (ROM). Through these meetings, the project's objective was clarified to focus on the development of a strategy, utilizing university courses and seminars, to improve the management performance of the Directors of the Twenty Regional State Budget and Public Administration Services (TAKISZ), the Mayors, and other key officials of the 3,200 local governments.

To assess CPAS's management development needs and to devise a practical means through which to address these needs, VE Mattox made several trips into the field and met almost daily with the Director of ROM. He noted that although the client has already developed a solid foundation upon which to build management initiatives, a program with lasting impact should be comprehensive and implemented in phases. Further, the participants should be involved in identifying their own greatest training needs and have an opportunity to comment on the program's proposed structure and content. To meet these needs, the VE developed a program, composed of the following four phases:

- 1.) An inaugural series of four, two-day workshops conducted for the Director of TAKISZ, to follow-up on the seminars held in 1993-94. These workshops would be based on the Advanced Program for Managers completed by New York State managers and AID personnel. This would be supplemented by teaching aids (notably the text, Reinventing Government by David Osborne) which the VE presented to the client and had translated into Hungarian.
- 2.) A series of presentations, based on the above workshops, would be revised by the participants, the presenters, CPAS, and presented to groups of Mayors.
- 3.) Presentation of this information to a wide array of key, local managers and officials. Special attention should be given to senior managers in large cities; those with over 200 full-time staff should be encouraged to develop their own management and training programs, based on this model.
- 4.) Continual revisions and new material will be essential in keeping training up-to-date.

VE Mattox also advised CPAS on: long-range faculty development planning to support the local management training initiative and carry out other functions of the proposed center for local government studies; the development of large-scale, part-time graduate study programs for those already employed full-time; and a five-pronged strategy to strengthen CPAS and to build other such permanent organizations in Hungary.

Country Director Budai commented, "Based on his knowledge and expertise, the VE rendered the assistance required by the client. The client added, 'We received a lot of advice and assistance on our strategy and the content of a further education and training program.'"

## SUMMARY OF IESC PROJECT 23929

STARTED: October 5, 1993

COMPLETED: October 28, 1993

### CLIENT: ASSISTANCE REQUESTED:

Miklos Ybl Polytechnic  
Budapest, Hungary

This institute trains specialists with strong technical backgrounds (i.e. structural and civil engineering) for placement in public sector jobs, such as with the local government. As a result of the transition from a centralized to a market economy, the client's educational framework needs to be modified through new approaches and updated courses. In response to these changes, they have developed a new curriculum built around the technical aspects of establishing/operating settlements (small municipalities).  
OBJECTIVE: To review the newly developed curriculum to ensure that it is in line with the present and future needs of the settlements in Hungary.

EMPLOYEES: 70

### IESC VOLUNTEER EXECUTIVE:

Peter Shocket  
Jamestown, Rhode Island

VE Shocket has extensive experience in both academia and public administration. He currently serves as President of the **Tri-Sector Research Group, Inc.**, a private corporation conducting non-partisan research, education and consultation with the public, not-for-profit, and private sectors. Prior to this, the VE founded and directed **The Center for Local Government** in Cincinnati for a three year-period. The Center provides training and technical assistance to a consortium of 21 local governments in the greater Cincinnati area.

### IESC ASSISTANCE RENDERED:

This institute recently integrated a newly-developed, 34-course curriculum in "Settlement Administration" into their overall course of study. This curriculum is the first step towards the training process needed for Hungary to make the transition from a highly centralized political and economic system to one where free market forces and local governments play a greater role in everyday life. The curriculum is intended to serve as the academic framework for supplying students with the education and skills necessary to impact this transformation. The purpose of VE Shocket's mission is twofold: to analyze the curriculum to determine if it will adequately train the students to administer or manage the settlements in Hungary, and to ensure that it was in context with the democratic reforms instituted in 1988.

VE Shocket completed this task by interviewing administrators, faculty, students, and local government officials; and by reviewing materials related to the curriculum and the local government in Hungary. The VE also analyzed the new courses, both in terms of content and structure, and compared them to other curricula in different departments at Ybl Miklos, as well as to two undergraduate programs in the U.S. Further, he researched potential job opportunities for the graduates by visiting three settlements at which he interviewed their respective mayors/deputy mayors. Several questions pertaining to the settlements' organization, services offered, revenues, and job opportunities were posed.

After assessing the current situation, VE Shocket offered various findings and recommendations which attempt to enhance the curriculum. These include:

- Change the department/curriculum title to eliminate the overlapping and confusion between this curriculum and that for Public Administration.
- Incorporate courses pertaining to development, both economic and infrastructural.
- Eliminate/combine some of the course requirements, depending on the course of study, or institute pre-requisite courses necessary for matriculation into a certain program.
- Hire a marketing expert to undertake a marketing study on the 3,092 settlements in Hungary through self-administered questionnaires. Students could assist in this effort to gain exposure to the government officials in the various settlements.
- Explore the possibility of establishing a Department Advisory Committee made up of officials from the various settlements, to discuss the curriculum, the department, the students, and potential internships and job opportunities.

Country Director Budai commented, "The VE analyzed the existing curriculum and suggested modifications which the client will incorporate in the future. The client added, 'VE Shocket's activity and written study are highly appreciated... Herewith, I would like to express our sincere thanks to you and the IESC office with the hope that this professional work was only the beginning of our further cooperation.'"

## SUMMARY OF IESC PROJECT 24203

STARTED: June 15, 1993

COMPLETED: July 11, 1993

### CLIENT: ASSISTANCE REQUESTED:

Mezokovesd Municipal Government  
Mezokovesd, Hungary

The client operates a municipal government in a city of 20,000, located in a rural area.

**OBJECTIVE:** They have requested the assistance of a VE to work on financial planning, economic development, personnel management, administration, organization, and personnel management. Specifically, attention should be directed toward managing the city's spa and attracting a food-processing or light industry.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Richard T. Roberts  
Portsmouth, Ohio

VE Roberts has extensive experience as a City Manager. He is skilled in project management and personnel issues. He has been the City Manager of Portsmouth, Marysville, and Ironton, Ohio. His responsibilities included all city services: streets, police and fire departments, municipal water treatment, sewage and wastewater treatment facilities, refuse collection, and the preparation of operating and capital budgets. Currently, VE Roberts is the Industrial Relations Manager and Consultant to Osco Industries, where he is involved in personnel management duties, benefits administration tasks, labor relations, and safety and supervisory training.

### IESC ASSISTANCE RENDERED:

Upon arrival, VE Roberts interviewed the mayor, vice mayor, notary, all department heads, heads of city-related services and utility companies, and more than 18 community business and professional leaders to familiarize himself with the government's services. He reviewed the city's budget, and attended committee meetings and the monthly meeting of the full representative body. VE Roberts prepared detailed reports of his findings and recommendations, which include the following:

**City Administration:** Examine relations among the mayor, the representative body of the government, and the committees of the elected body. Review agencies such as the Sports Center and the Cultural Hall, to assess the organizations' efforts to increase their revenue. Also, research how information is collected from the citizens so that paperwork can be decreased while continuing to develop a computer database that will aid in these efforts. To prevent expenses from further escalating, the VE stressed that no new services should be added, and that a hiring freeze should be instituted. The goal of the city government should be to combine and simplify its efforts.

**City Operations:** A share-holding company (which is 75% owned by the city) can provide typical services and street department functions such as building maintenance and repair, garbage pick-up, and street and park cleaning. Review the publishing function that the city performs to determine the actual revenue generated by publishing and compare it to the offsetting costs.

**City Assets/Infrastructure:** Continue with the present conservative policy of continued ownership, versus assets. The city should continue to cooperate in its work with the educational and cultural institutions in combining the maintenance and repair functions. Street repair projects should be completed as quickly as possible to prevent needless delays and traffic.

**City Planning:** A commission should be created to review the city's position and establish its goals.

**Economic Development:** The local government should organize a local group of business people and government representatives to develop plans to enhance local tourism. The city should support the development of their spa and camping area.

Country Director Budai commented, "VE Roberts made a professional analysis and offered recommendations on the activities covered. VES Roberts provided additional written reports with the following titles: Information for Tourists, Description of the City, and Opportunities for Regional Economic Development in Mezokovesd. The client responded, 'We found that VEC Roberts accommodated our needs quickly and easily. They collected information about the city from their own selection of business people and staff members of the local government. They were well-organized and worked hard.'"

## SUMMARY OF IESC PROJECT 24210

### PIGGY-BACK

STARTED: July 12, 1993

COMPLETED: September 2, 1993

### CLIENT: ASSISTANCE REQUESTED:

City Government of Tapolca

Tapolca, Hungary

The client is the municipal government for a city of 20,000 inhabitants. The city of Tapolca is the center of an important grape growing and wine producing region, as well as a major center for marketing wine. However, there has been a reorganization of industry and this source of income has disappeared. Tapolca currently suffers from an unemployment rate of 18%. **This is a piggy-back to project 24203.**

**OBJECTIVE:** To assist with the financial planning and the general management of the city's resources and assets, as well as to develop an economic plan for the region. Also, if needed, to provide recommendations for the reorganization of the city's administration and personnel.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Richard T. Roberts

Portsmouth, Ohio

VE Roberts has extensive experience as a City Manager. He is skilled in project management and personnel issues. He has been the City Manager of Portsmouth, Marysville, and Ironton, Ohio. His responsibilities included all city services: streets, police and fire departments, municipal water treatment, sewage and wastewater treatment facilities, refuse collection, and the preparation of operating and capital budgets. Currently, VE Roberts is the Industrial Relations Manager and Consultant to Osco Industries, where he is involved in personnel management duties, benefits administration tasks, labor relations, and safety and supervisory training. **This is the VE's second IESC project.**

### IESC ASSISTANCE RENDERED:

VE Roberts commenced this project with a month-long evaluation of the Tapolca government's organizational structure and its current development plans. During this evaluation, the VE held numerous meetings with business and government leaders. He then made the following recommendations:

- Change the organizational structure of the city by shifting responsibility away from the mayor to planning commissions or committees for a more efficient delivery of services.
- Establish a Planning Commission and a Capital Improvements Program to encourage community participation in the long-range planning process.
- Create a Business Advisory Board to coordinate efforts between the business community and city administration and provide a forum for business discussion.
- Establish a Visitor's and Tourist Committee in conjunction with the Business Advisory Board. This committee will analyze the region's efforts to accommodate, attract, and serve tourists and other visitors within the city. They will then offer proposals for its improvement, while working closely with city administration.
- Encourage the six major wine producers in the area to create a voluntary quality control and marketing group. This group would combine efforts to promote the quality of wines in the Badacsony region, as well as speak with a unified voice with regard to national legislation affecting all aspects of this industry. The VE also suggested that the group display their wines in a central location, such as a wine museum, to encourage customer awareness and sales.

VE Roberts then held final meetings with government and business leaders, during which he explained his recommendations in further detail. According to the VE, the implementation of his recommendations in conjunction with the creation of an advisory board and the city's land use plan, should be a good basis for planning the city's future.

Country Director Budai commented, "VE Roberts has completed a very successful project. The client added, 'The VE completed all aspects of the work we requested. His work will serve as a long-range guide for future actions, and is just the beginning of our work in economic development activities for the city of Tapolca.'"



## SUMMARY OF IESC PROJECT 24463

STARTED: October 4, 1993  
COMPLETED: October 28, 1993

### CLIENT: ASSISTANCE REQUESTED:

City Government of Mezotur  
Mezotur, Hungary

The City Government is responsible for making infrastructural investments, monitoring the economic situation of the area, managing the city's assets, and attracting foreign investors to Mezotur. This small, agricultural community suffers from an unemployment rate of about 18%. **This project is a piggyback to project 24465.**

**OBJECTIVE:** To assist the City of Mezotur with the creation of plans for economic development and financial planning. Specifically, the VE should assist with the elaboration of Mezotur's industrial and agricultural policy for the purpose of improving the economy and reducing unemployment, advise on marketing studies and investment plans to attract foreign investors, and guide the municipal government in asset management.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

George Van Buskirk  
Baltimore, Maryland

VE Van Buskirk began his career in economic development in 1972, through various associations with the state of Maryland and its largest city, Baltimore. His assignments have included European Director, and Executive Director of the Baltimore Economic Development Corp. **This was his second IESC project.**

### IESC ASSISTANCE RENDERED:

During his four weeks in Mezotur, VE Van Buskirk met with over 35 people from all sectors of the local economy in order to evaluate Mezotur's infrastructure and current economic conditions. Through these meetings, he learned that the city has a very small industrial base and that while a number of vacant buildings exist, attracting outside industry will be difficult as the present work force has few highly skilled workers.

After extensive research, the VE offered specific recommendations on each of the following sectors in Mezotur's economy:

**Local Government and Infrastructure:** The following areas were investigated: water supply, sewage and drainage, roads and streets, gas system, electric power, empty buildings, and the telephone system. The VE stressed that the local government must make improvement of the telephone system a top priority. Examining new and innovative ways to increase the city revenues, and participation with other towns to cut costs on infrastructure improvements were also discussed.

**Agriculture:** Establish a task force to raise money for the planned cold storage warehouse - this would be the only facility within 75 km, and its existence would increase chances for export to neighboring countries.

**Small Businesses and Entrepreneurs:** Following the small business incubator concept, utilize some of the unoccupied but furnished buildings to start-up new businesses.

**Commercial/Tourism:** Clean up the area, perhaps by putting some of the unemployed to work, with painting and patch-up jobs. However, until major infrastructural renovations are completed, it was noted that large-scale tourism is unlikely.

**Financial and Technical Assistance:** The VE was disappointed with the limited financing opportunities, however he did make a number of contacts, including the Local Enterprise Agency which offers direct financing help through its MICRO-CREDIT program. He also met with the Small Business Development Company which is financed by the American Congress and offers business planning and marketing assistance; and the Chamber of Commerce - North Alfold, which has assembled a computerized database broken down by industry that could be useful for start-up businesses.

Although VE Van Buskirk was unable to provide Mezotur's business and agriculture community with definitive sources of financing, he was optimistic that through planned government programs and an improved banking system, the outlook for business in Hungary will improve. He concluded by conveying that there is strength in numbers, and consequently recommended broader communication between cities and counties, that collectively could approach the state government for assistance. Upon returning to the U.S., VE Van Buskirk plans to research forthcoming financing programs as well as the availability of the Soros Foundation funds provided to Central & Eastern Europe.

**Country Director Budai commented,** "In spite of the difficulties, the VE managed to meet several people, obtain information, and analyze the situation, and then made his suggestions with understanding, helpfulness, and experience."

## SUMMARY OF IESC PROJECT 24464

STARTED: December 6, 1993  
COMPLETED: December 17, 1993

### CLIENT: ASSISTANCE REQUESTED:

City Government of Szentes  
Szentes, Hungary

Szentes is a city of 35,000 inhabitants located on a plain between the Tisza and Koros rivers. It is an agriculturally-focused market town. As such, it produces 45% of Hungary's vegetable exports, despite the fact that it lacks appropriate food-processing capabilities.

OBJECTIVE: As agriculture and connected industries are vitally important to Szentes' economic survival, they have requested the assistance of a VE to develop an economic development program.

EMPLOYEES: 98

### IESC VOLUNTEER EXECUTIVE:

Frank J. Moore  
Tucson, Arizona

VE Moore has extensive experience in resourcing and implementing public administration techniques and plans for economic and agricultural development. He worked with the Ford Foundation as the Program Specialist for the West African Regional office. At Stanford University, he was the Acting Director of the International Development Education Center. For USAID, he was a contractor in Agricultural Development, where he trained local officials to institutionalize and preserve the administration's agricultural initiatives. He is also familiar with policy formulation, and program development and implementation.

### IESC ASSISTANCE RENDERED:

VE Moore commenced this project by studying the city's economic reports and by reviewing the many facets of their programs, plans and services. He familiarized himself with the client's objectives through numerous discussions with key city officials, and participated in site visits and meetings with principal participants (both public and private) in Szentes' economic sector. Specifically, he met with representatives from the ARPAD Agriculture Cooperative, the Thermal Coop, Hungerit, and Selye-Szabo Bibliotheca Universalis.

The VE provided an in-depth report for the client on their economic potential, including a list of recommendations on promising areas of potential growth. He provided the following suggestions:

- Look to thermal resources as a low-cost source of energy.
- Develop ARPAD and Hungerit Kft to compete in the international market with local fresh vegetables and packaged meats.
- Use the Selye-Szabo Foundation as the core of Szentes' lasting and growing cultural and economic expansion.

Other recommendations made by VE Moore include:

- Use enterprises currently in the transition process to develop local organizations such as a Chambers of Commerce or service clubs.
- Provide a schedule for the development of activities for the Selye-Szabo Foundation.
- Mobilize a business leadership to assist in promoting the construction of a small, local market.
- Develop local commerce and industry through activities such as breweries, which permit the participation of foreign capital.
- Improve the conditions for a hospitality industry to benefit business visitors through the construction of a three-star hotel.
- Restore the aged hotel/theater/shop/restaurant in the downtown center.
- Refurbish and expand the sports center facilities.

Country Director Budai commented, "This was a two-week project, a very short time for a complete evaluation. The VE worked hard and made numerous suggestions. The client will take the report to the elected representatives for a decision in January 1994, and will inform us about a follow-up. It is possible that the companies/organizations visited by VE Moore may apply for IESC services."

## SUMMARY OF IESC PROJECT 24465

STARTED: September 8, 1993

COMPLETED: October 4, 1993

### CLIENT: ASSISTANCE REQUESTED:

City Government of Kiskoros  
Kiskoros, Hungary

The client manages the municipal government's assets and supervises the city's economic activity. They currently face an unemployment rate of 20%. **They have had previous assistance in IESC project 23709.**

**OBJECTIVE:** To develop an economic plan, including the improvement of the agricultural and wine industries, as well as to advise on better cooperation between the government and private sectors.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

George Van Buskirk  
Baltimore, Maryland

VE Van Buskirk began his career in economic development in 1972, through various associations with the state of Maryland and its largest city, Baltimore. His assignments have included European Director, and Executive Director of the Baltimore Economic Development Corp. As the European Director, he was based in Brussels and was responsible for attracting Western European investment to Maryland. At the Development Corp, he administered a city-sponsored venture capital fund designed to assist small business in the city, and further technology-oriented ventures.

### IESC ASSISTANCE RENDERED:

In assessing the city's needs, VE Van Buskirk met with over 30 people from local government, agriculture, industrial, commercial, and financial sectors. He found that the client had no economic data by which to gauge the economy, and therefore, no basis upon which to base a strategic plan. He noted however, that if the business leaders were serious, the first step in developing an economic development plan would involve working together through a business/economic council; gathering facts and figures; setting goals and objectives; and developing an overall economic development plan.

In addition, the VE offered advice on improving the following specific areas:

#### Agriculture and Wine Production

- Obtain a product analysis of the wine, as well as a market analysis, in an effort to up-grade the wine and expand the region's markets.

#### Industrial Sector

- Expand current businesses and encourage the start-up of new ones. According to the VE, to accomplish this, vocational schools should be kept abreast of employers needs, both industrially and commercially. In this way, they could offer the workforce courses in the necessary skills.
- Set-up a campaign encouraging businesses to buy goods locally.

#### Commercial Sector

- Sponsor a "City Fair," for shops to display and sell various items and handicrafts
- With regard to the City's desire to promote its thermal spas, the VE noted that there are an abundance of other similar spas nearby; consequently, he recommended refocusing their commercial strategy.

#### Financial Sector

- Establish direct ties with international and national sources of investment, and apply for other small business financial assistance programs.
- Apply for a loan under the Budapest Finance Ministry's new loan guarantee available to small businesses. (In this program, 50%-60% of a bank loan will be guaranteed by the state and one-half of the interest charges will be paid by the state.)
- Continue with the previous VE's recommendation to send a small delegation to the town of Debrecen to learn about the Strategic Investment Foundation and other financial arrangements which bring money to small businesses in the area.

#### Local Government

- Follow-up with the suggestions made by the previous VE regarding the city's infrastructure including water supply, transportation, electricity and gas, etc.

Country Director Budai commented, "VE Van Buskirk made an extra effort in this project. He worked very hard and gave advice to the client, based on his knowledge and vast experience. The client added, 'The VE's advice to start-up an advisory council was outstanding; we are currently working on establishing one.'"

## SUMMARY OF IESC PROJECT 24599

STARTED: October 12, 1993

COMPLETED: November 5, 1993

### CLIENT: ASSISTANCE REQUESTED:

City Government of Mezokovacsza  
Mezokovacsza, Hungary

The client is responsible for administering government services to its 7,400 inhabitants. Traditionally, the client's economy has depended on agricultural products, and recently their unemployment rate reached 20%. The client's infrastructure is severely underdeveloped, as only 700 flats utilize a sewer system and 60% of the roads are paved.

OBJECTIVE: The client requested the assistance of a VE to complete the following:

- Develop a short and long-term plan for economic development;
- Advise on the institution of democratic infrastructures and municipal government activity; and
- Advise on efforts to decrease the unemployment rate.

EMPLOYEES: N/A

### IESC VOLUNTEER EXECUTIVE:

Dale E. Rieth  
Venice, Florida

VE Rieth has a professional background and many years experience in municipal administration and environmental policy management. He has served as City Manager of Crestwood Missouri, and as City Manager for Venice, and Wilton Manors, Florida. In these positions, VE Rieth was involved in the administration and management of city operations, including governmental functions and personnel management. He has also served as Director of the Sarasota County Solid Waste Franchise Utilities Division. This is VE Rieth's third IESC project.

### IESC ASSISTANCE RENDERED:

After one week of analysis, VE Rieth determined that the client's request for organizational assistance was unnecessary at the time, due to the serious economic conditions of high unemployment, and critical city debt reduction problems. Therefore, the VE, with the concurrence of the vice-mayor, shifted the project's focus to identifying local economic problems which might be addressed by technical assistance to local businesses and entrepreneurs.

In identifying the city's economic problems, VE Rieth interviewed various people from the public and private sectors. As a result, the VE generated considerable interest throughout the business community for assistance in the areas of marketing, industrial development, finance and debt reduction. According to the VE, Hungary's current banking system, with high interest rates and rigid, inflexible banking regulations, represents a constraint to increasing business activity in the city.

With regard to the city government's operations, VE Rieth made the following recommendations:

- Improve the flow of public services by shifting responsibility away from the vice-mayor to various council members.
- Establish a Development Committee, composed of local entrepreneurs and government representatives, to create an environment conducive to business activity.
- Initiate a Public Relations (PR) campaign to attract business and tourists to Mezokovacsza. To further attract business, the VE recommended generating a list of the city's assets, including costs, which are available for development or sale. The VE also recommended a PR campaign to inform the citizens of government activity.
- Exercise more control over the moveable market, where unlicensed individuals sell items to the public. This market creates a climate that is unfair to the traditional businesses, and the city loses income generated from the issuance of licenses.
- Budget funds for city employees to increase their education and training, thereby improving their work and productivity.

According to VE Rieth, there are many excellent opportunities for foreign investment in this area: A trained, presently unemployed, low wage workforce, as well as good transportation and ample resources, provide excellent investment potential. The VE intends to follow-up on opportunities for the region upon his return to the U.S.

Country Director Budai commented, "VE Rieth interviewed several of the region's representatives and made several good recommendations. The client added, 'The VE worked extremely hard, spoke to many people, and met all our expectations.'"